

Understanding Taxes

Theme 5: Impact of Taxes

Impact of Taxes

“Political work is the
life-blood of all
economic work.”

—Mao Zedong

Impact of Taxes

Goals of Taxation

- Raise revenue
- Be fair
- Influence behavior

Impact of Taxes

Horizontal Equity

Equals should be taxed equally.



Impact of Taxes

Tax Breaks

Deductions:

Reduce income subject to tax

Exemptions:

Part of income that isn't taxed

Credits:

Dollar for dollar reduction in tax



Impact of Taxes



Excise Tax

Tax on the sale or use of specific products



Impact of Taxes

Sin Tax

Discourages
unhealthy
behavior



Impact of Taxes

Gasoline Excise Tax

A user tax that generates revenue to build and maintain roadways



Impact of Taxes

Role of Lobbyists

Work to influence
lawmakers' decisions



Impact of Taxes

How to Lobby for Your Cause

Find an issue

Research

Know your legislators

Understand the legislative process

Make your position known

Be brief, persistent, and polite